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RESEARCH ARTICLE

THE INFLUENCE OF COMPENSATION, OVERHEAD EXPENSE, CONTROL INTERNAL SYSTEM TOWARD PROJECT VALUE COMPLETION PERCENTAGE.

Bambang Fajarisman and Rahayu.

University of Prof Dr. Moestopo (B), Jakarta, Indonesia.

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Abstract

Company only accepts the payment 80 % of the project value. Therefore, company needs to improve the project management. This study is held in PT QST in order to answer the hypotheses of this study (1) Compensation influence toward the completion percentage of project value of PT. QST (2) Overhead expense influence toward completion percentage of project value of PT QST, (3) control internal system influence toward completion percentage of project of PT. QST. This study method is the combination of verivacative and descriptive study in data collection using survey method, with the sampling number of 238 employees of PT QST who were in the project location by using purpose sampling technique. Analysis tool used is descriptive method and to respond the hypotheses the analysis tool used is Structural Equation Model by using Listrel software. The result of this research based on the analysis descriptive method toward the variables used are negative and some others are positive. The SEM analysis result toward the hypotheses test based on emphirical data has 3 proved hypotheses: Compensation influences positively and significantly toward the percentage of project value completion. Overhead expense influences positively and significantly toward the percentage of project value completion and Control Internal System influences positively toward the percentage of project value completion

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Introduction:-

Nowadays, government through the Ministry of Public Work actively builds resources and infrastructures all over Indonesia, to the remote areas and Indonesia borderline that have never been reached by the development so they fall behind. This development is held in order to improve the remote region development. The government objective is to increase the region and borderline area development. There are many parties involved in this infrastructure development including several State Owned Enterprises and private companies. Private company cooperated in assisting the project is PT QST.

PT QST is a contractor company in making government sub projects. PT QST cooperates with PT. PLN, PT Pertamina and other SOEs. The government project worked on is project with billions value and its implementation is done gradually. The agreement result between two parties stated about payment received by the company is in

every completion of the project. Therefore, it will be achieved from the SOE involved according to the percentage of the project completion stage achieved. If the project values Rp.4.000.000.000,- done in 4 stages for 4 months, every 1 month the company will receive the payment of Rp.1.000.000.000. What happened in the field is if in 4 months, PT QST only finishes 80%, then the company only receives Rp. 800.000.000. If the payment schedule is extended, the completion schedule of the project will change to 5 months.

Company uses some experts and field workers in doing the project. They are approximately hundreds of people. The workers work on the field directly are hard to control in term of presence or attendance so that the completion of the project can be behind the schedule. Compensation closely relates to working motivation, it shows that if we want to improve working motivation then the compensation must be increased (Poltak, 2007)

In project location, workers get the facilities during the project completion such as rented house, project vehicles, transportation allowance in the location. The parties involved in the project are head of the project, project manager, supervisor and field workers that directly do the project. Project done is supervised by the experts. The SOP of the project does not include internal control in the project (Pre-study).

Based on the phenomenon above, the title of this study is The Impact of Compensation, Overhead Expense, Control Internal toward the Project Value Completion Percentage.

Identification and Study Framework

Based on the problem identification, the literature review "Is there any influence on Compensation, Overhead Expense, Control Internal System toward Project Value Completion Percentage the with explanation as follow :

1. Is there any influence on the compensation to project value completion percentage
2. Is there any influence on overhead expense to project value completion percentage
3. Is there any influence on control Internal good to project value completion percentage

Literature :

Project Value Completion Percentage

Earl et.al. (2009) stated that in the completion percentage method, a profit of a contract is when the contract in the process to the completion. Therefore, the profit accepted each period will be based on the measurement to completion.

To measure the project value completion percentage through the dimension that is contract selling price, profit and contract expense (Earl K et.al., 2007)

Compensation

Compensation is one of the reasons and main motivation of why a worker works. Compensation is a management of overall service recompense to employees in form of money or others (Poltak, 2016)

Compensation dimensions are salary, wage and incentive (Poltak 2016)

Overhead Expense

Overhead expense is the expense other than raw materials and labor (Mulyadi, 2002)

Overhead expense dimensions are supporting materials expense, maintenance and repair expense, indirect labor expense and expenses that directly need cash outlay (Mulyadi, 2002)

Control Internal System

Zaki (1991) explains that a good surveillance system must include an organization structure that divides the correct functional responsibility, the existence of system and procedure, wholesome practices and the employee skills according to the responsibility (Zaki, 1991)

The dimensions used in measuring control internal system are surveillance system, responsibility dissemination, system and procedure and skillful employees.

Hypotheses

The influence on Compensation to Project Value Completion Percentage

H1 : There is a positive influence on compensation to project value completion percentage

The influence on Overhead Expense to Project Value Completion Percentage

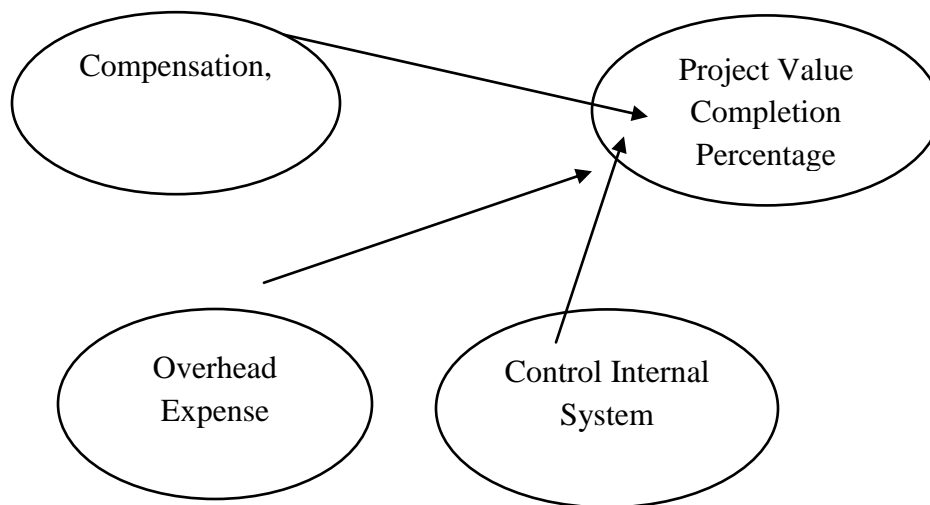
H2 : There is a positive influence on overhead expense to project value completion percentage

The influence on Control Internal System to Project Value Completion Percentage

H3 : There is a positive influence on control internal system to project value completion percentage

Study Concept

In accordance with study context, study conceptual model then being made that are the influence of Compensation, Overhead Expense, Control Internal System together with Project Value Completion Percentage and the analysis tool used is SEM with the research object the employees of PT QST **Figure 1**.



Gambar 1:- The conceptual model

Study Methodology :

The design of this study is the combination of verivacative and descriptive research by using survey method in form of qualitative and quantitative methods (Sugiono, 2010). The data collection uses questionnaire, sampling technique used is purpose sampling method (Sugiono, 2009). The respondents were 235 persons that are the employees of PT QST that were on the project location held in the mid of 2018. Analysis tool used in the variables of this study is average value, statistic percentage, and inter variable impact analysis uses Structural Equation Model (SEM) and Lisrel 8.8. (Hair, 2010).

Study Result :

Descriptive Analysis

The average result describes that respondents consider the compensation and control internal system are still problematic while the respondent overhead expense and project value completion percentage is good

Inter - Variable Influence Analysis

1. Imperical model (fit) is fitted with the theoretical model (Hair,2010), the test result of accuracy model shows that from 9 indexes there are eight indexes that has good fit category (RMSA , RMR, AGFI,NFI,CFI,IFI,RIF,AGF) and one marginal fit index (GFI).
2. The output of the computer on test hypotheses related to the influence of Compensation, Overhead Expense, Control Internal System toward Project Value Completion Percentage **Figure 2 dan 3**.

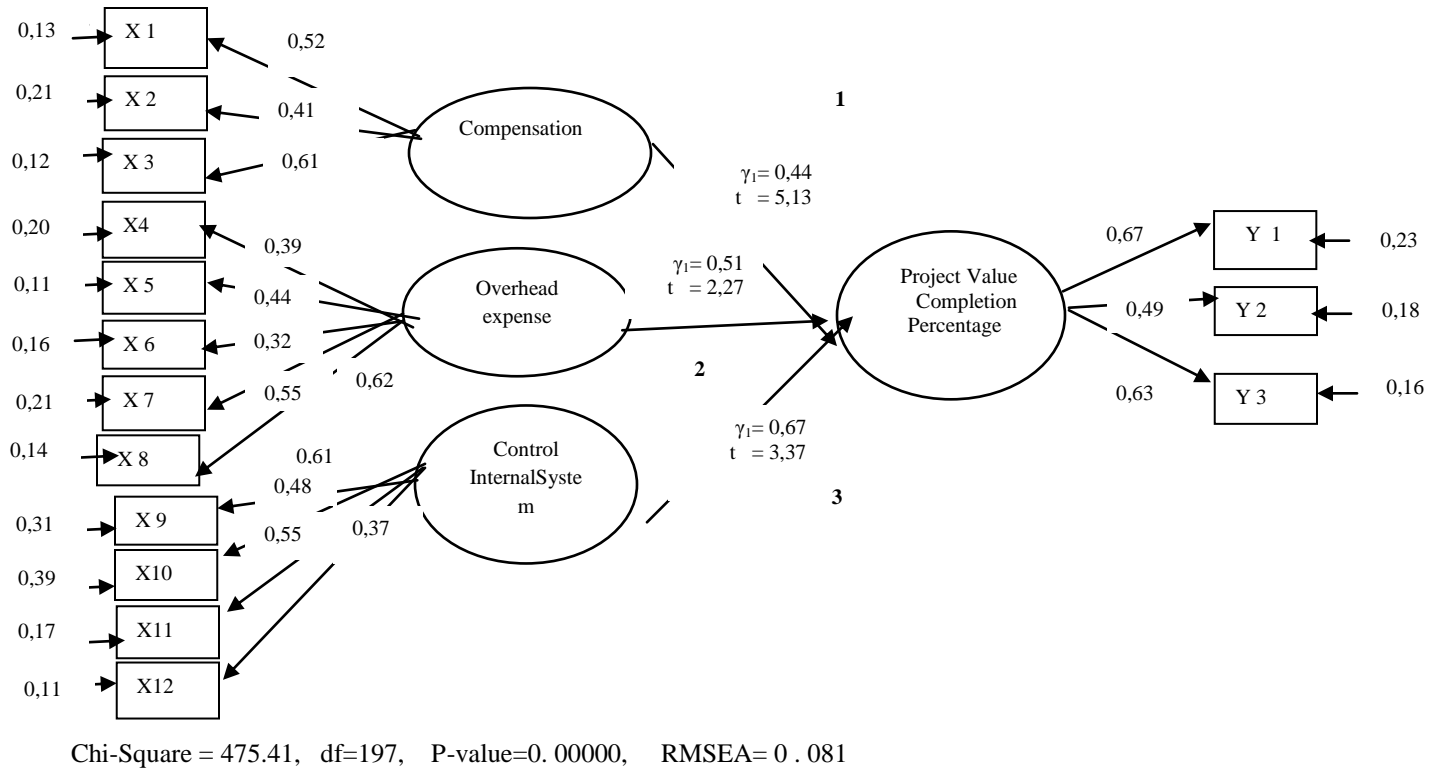
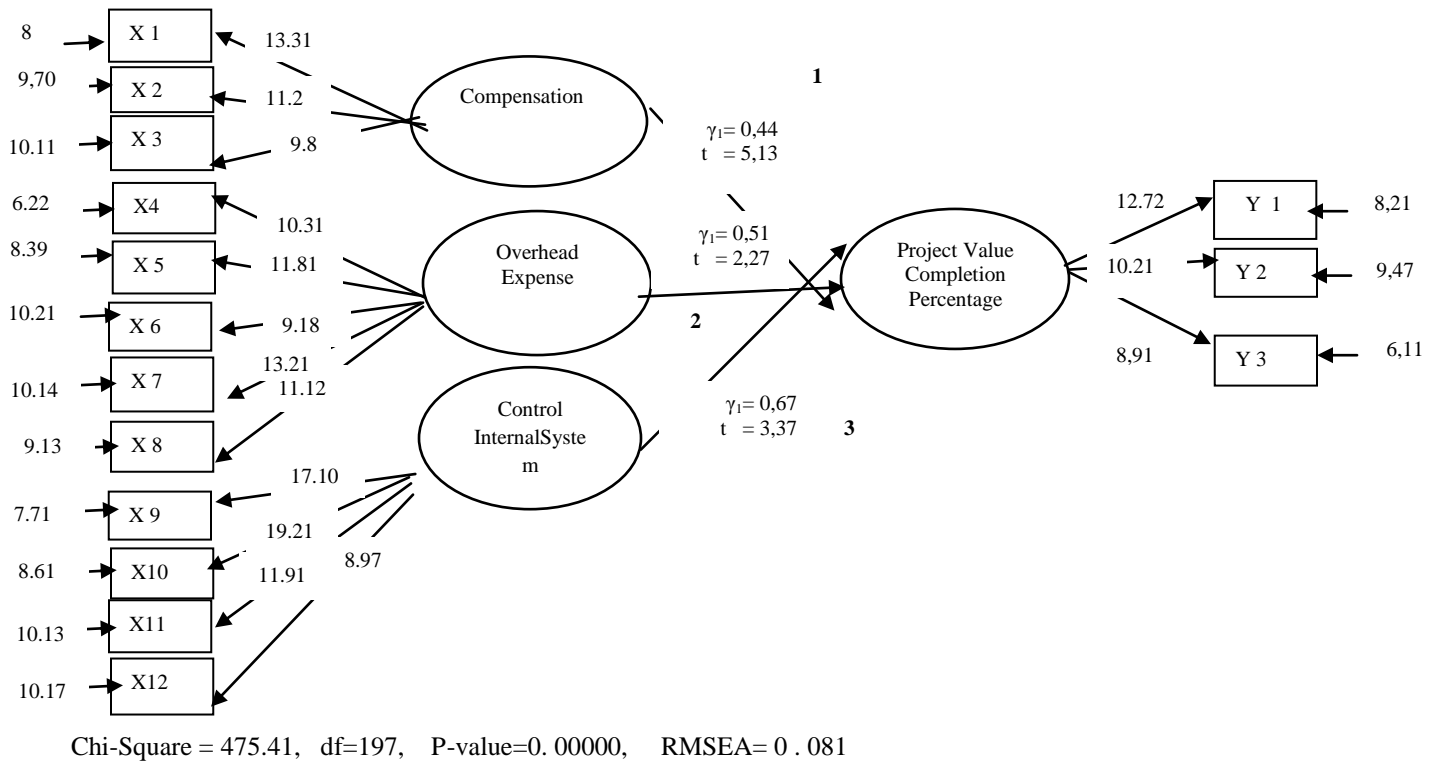


Figure 2 :- Measurement Model Influence Line Coefficient

Source : computer analysis output



Gambar 3:-T- Count Measurement Model Influence

Source : computer analysis output

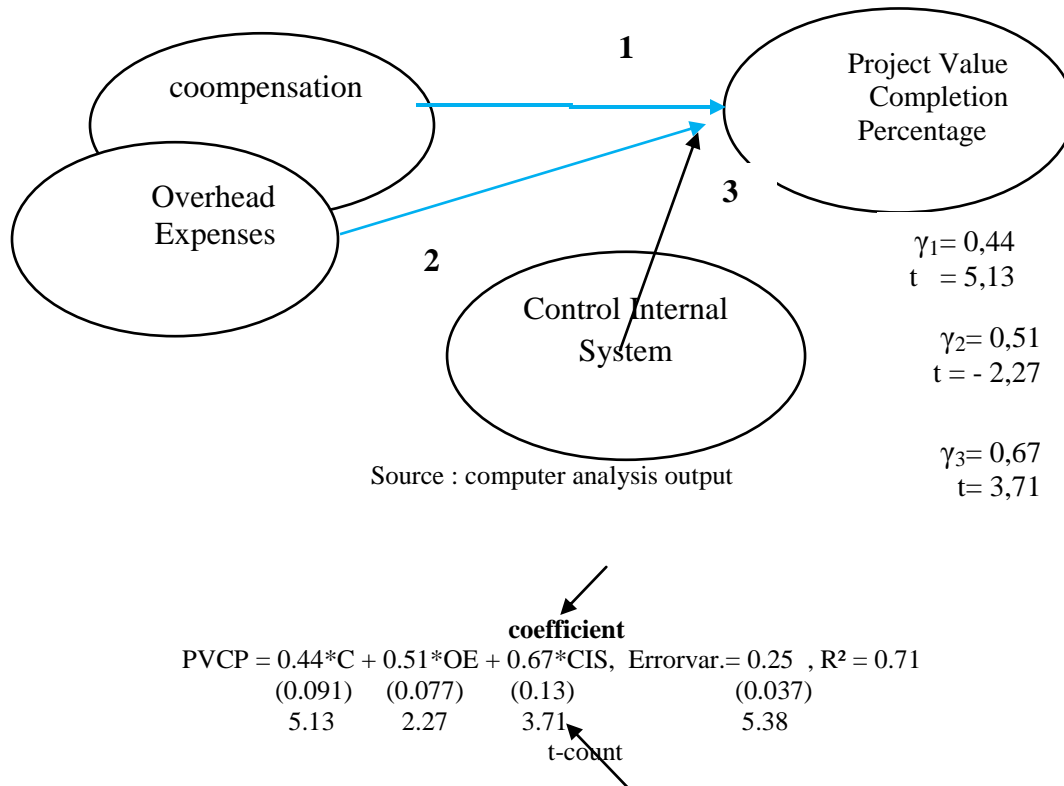
Figure 4:- Study Result Structural Model

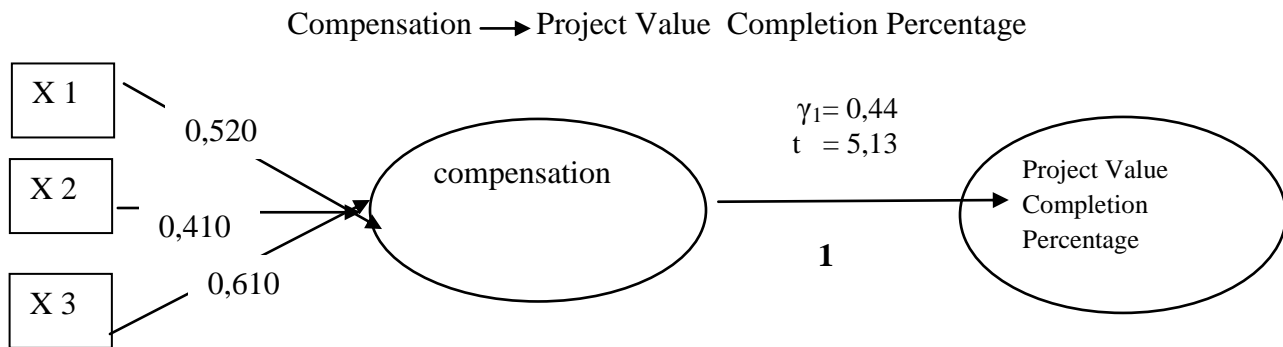
Table 1. is the summary of analysis result of the impact of one variable to another according to **Figure 4**. Below is the significance level:

1. Using distribution t-table compared to t value based on t count result on hypotheses
2. Using distribution f-table compared to f value based on t count result of hypotheses

Table 1:-The Amount of Influence Between Variables

Hipotesis	Influence	Toward variable	Coefficient	t-value	Information
1	Compensation	Project Completion Percentage Value	0,44	5,31	Signifikan influence
2	Overhead expense	Project Completion Percentage Value	0,51	2,27	Signifikan influence
3	Control Internal Sytem	Project Completion Percentage Value	0,67	3,71	Signifikan influence
			(R ²)	f-hitung	
	Compensation,Overhead Expense, Control Internal System	Project Completion Percentage Value	(R ²) = 0,71	5.38	Signifikan influence

Sources:-Computer output

Compensation to Project value completion percentage (H1)

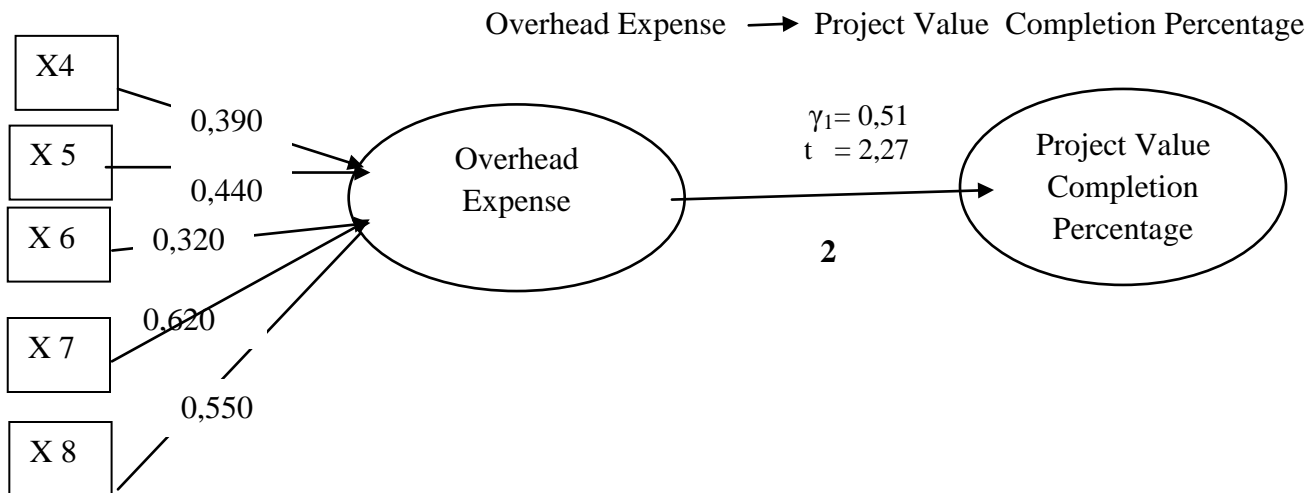
Sumber : Computer output (2018)

Ho : There is influence Compensation to Project Value Completion Percentage

Ha : There is no influence Compensation to Project Value Completion Percentage

Ho denied, which means there is significant compensation value to project value completion percentage on PT QST.

So, it means t-count value about $5,13 > t$ -table value 1,96, then **Ho is denied**, which means there is a significant influence of compensation to project value compensation percentage on PT QST.

Overhead expense to Project value completion percentage (H2)

Source : Computer output

Ho : There is Overhead expenses to Project Value Completion Percentage

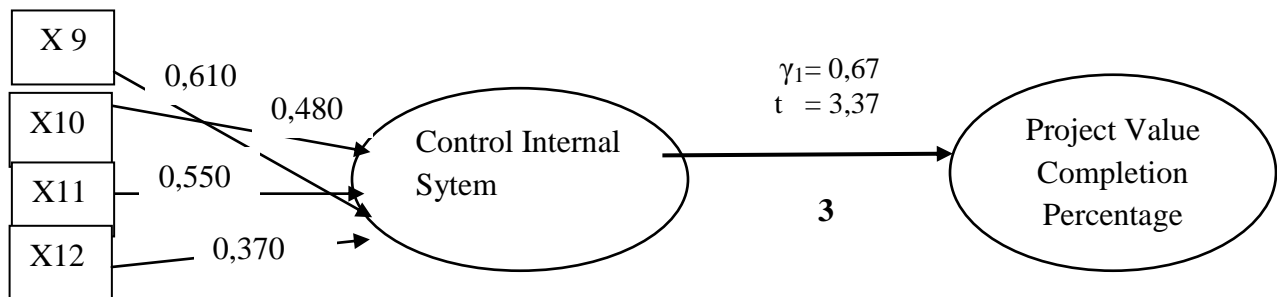
Ha : There is no Overhead expenses to Project Value Completion Percentage

Ho denied, which means there is significant overhead expense value to project value completion percentage on PT QST.

So, it means t-count value about $2,27 > t$ -table value 1,96, then **Ho is denied**, which means there is a significant influence of overhead expense to project value compensation percentage on PT QST.

The Control internal system to Project Value Completion Percentage (H3)

The Control internal system → Project Value Completion Percentage



Source : Computer output

Ho : There is Control Internal Sytem to Project Value Completion Percentage

Ha : There is no Control Internal Sytemto Project Value Completion Percentage

Ho denied, which means there is significant control internal system value to project value completion percentage on PT QST.

So, it means t-count value about $3,37 > t$ -table value 1,96, then **Ho is denied**, which means there is a significant influence of control internal system to project value compensation percentage on PT QST.

Research Result:-

1. Descriptive study result shows that there are positive and negative evaluation from the respondents toward the study item variables that need to be fixed. They are:
2. Compensation given by PTQST still needs to be fixed such as low wages and incentive.
3. Control internal system need to be fixed is surveillance sytem and skillful employees.
4. The conclusion of this research is test hypotheses and empirical data are proven significant. There are three hypotheses proven, that are compensation influences project value completion percentage, overhead expense influences project value completion percentage and control internal system influences project value completion percentage.

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